

Message Text

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PAGE 01 EC BRU 06201 01 OF 02 311722Z

43

ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 IO-14 ISO-00 AGR-20 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

CIEP-02 SPC-03 STR-08 TRSE-00 LAB-06 SIL-01 OMB-01

SS-20 NSC-10 PA-04 PRS-01 USIA-15 L-03 H-03 TAR-02

EURE-00 DRC-01 COA-02 DLOS-06 /215 W
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P R 311517Z OCT 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 5957

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COLOMBO

AMEMBASSY COPENHAGEN

AMEMBASSY DACCA

AMEMBASSY DUBLIN BY POUCH

AMEMBASSY ISLAMABAD

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SINGAPORE

AMEMBASSY THE HAGUE

USMISSION GENEVA

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PASS AGRICULTURE

E. O. 11652: NA

TAGS: XB, EEC

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PAGE 02 EC BRU 06201 01 OF 02 311722Z

SUBJ: IMPLEMENTATION OF THE DECLARATION OF THE

EC'S INTENT CONCERNING COMMERCIAL
RELATIONS WITH CERTAIN ASIAN COUNTRIES

REF: A. EC BRUSSELS 6098

1. SUMMARY. THIS CABLE SUMMARIZES AN EC COMMISSION PROPOSAL COVERING TRADE CONCESSIONS PROPOSED FOR CERTAIN COMMONWEALTH ASIAN COUNTRIES IN ACCORDANCE WITH A JOINT DECLARATION OF INTENT BY THE NINE AT THE TIME OF EC ENLARGEMENT. IN ALL BUT ONE CASE THE CONCESSIONS WOULD BE GRANTED JANUARY 1, 1974. (THE EXCEPTION IS AN MFN DUTY SUSPENSION.) PRODUCTS ON THE LIST OF PARTICULAR INTEREST TO THE U. S. ARE PROCESSED PINEAPPLES (BTN EX 20.06) AND UNMANUFACTURED TOBACCO -- FLUE CURED VIRGINIA (BTN 24.01). THIS PROPOSAL IS ON THE EC COUNCIL AGENDA FOR NOVEMBER 6. END SUMMARY.

2. IN IMPLEMENTATION OF DECISIONS TAKEN BY THE FULL EC COMMISSION ON OCTOBER 24 (REFTEL A) THE COMMISSION HAS PREPARED A DOCUMENT DESCRIBING IN DETAIL PROPOSALS FOR CONCESSIONS TO CERTAIN COMMONWEALTH ASIAN COUNTRIES COVERED BY A DECLARATION OF INTENT ATTACHED TO THE TREATY OF ACCESSION. THE PURPOSE OF THE DECLARATION AND THE PRESENT COMMISSION PROPOSALS IS TO MITIGATE POTENTIAL TRADE DAMAGE THAT MIGHT OTHERWISE OCCUR FOR THESE ASIAN COUNTRIES AS THE UK ALIGNS ITS TARIFFS WITH THOSE OF THE EC AS A WHOLE.

3. THE COMMISSION HAS PROPOSED CONCESSIONS ON 13 ITEMS OF PARTICULAR INTEREST TO THE ASIAN COUNTRIES INVOLVED (PAKISTAN-, SRI LANKA, INDIA, SINGAPORE, MALAYSIA AND BANGLADESH). TWELVE OF THESE CONCESSIONS WILL BE INCLUDED IN THE EC'S GENERALIZED PREFERENCE SCHEME FOR 1973. THE FINAL ITEM WILL BE SUBJECT TO AN EC DUTY SUSPENSION.

4. TWO ITEMS ON THE EC LIST ARE OF PARTICULAR INTEREST TO THE U. S. -- PROCESSED PINEAPPLES (BTN 20.06) AND UNMANUFACTURED TOBACCO (BTN 24.01). ON PROCESSED PINEAPPLE THE COMMISSION HAS PROPOSED A 50 PERCENT DUTY LIMITED OFFICIAL USE

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PAGE 03 EC BRU 06201 01 OF 02 311722Z

REDUCTION FOR GSP BENEFICIARY SOURCES WOULD, IN GENERAL, ENTER THE EC AT A 12 PERCENT RATE. IN THE UK MARKET, THE TREATMENT WOULD BE SOMEWHAT DIFFERENT. AS PART OF THE FIRST STAGE IN THE PHASED ALIGNMENT OF UK TARIFFS WITH THE CXT, UK TARIFFS ON PROCESSED PINEAPPLES WILL GO FROM ZERO TO 4.8 PERCENT ON JANUARY 1, 1974. CONSEQUENTLY, IMPORTS OF THIS PRODUCT FROM GSP BENEFICIARY SOURCES WOULD ENTER THE UK MARKET

AT A DUTY RATE OF 2.4 PERCENT AFTER THAT DATE.

5. FOR UNMANUFACTURED TOBACCO, THE TREATMENT IS MORE COMPLICATED. THE COMMISSION HAS CALCULATED THAT THE INCIDENCE OF SPECIFIC COMMONWEALTH PREFERENCE RATES ON UK IMPORTS OF FLUE CURED VIRGINIA TOBACCO IS 2.9 PERCENT AS COMPARED WITH THE COMPUTED 21.4 PERCENT IN THE ORIGINAL MEMBER STATES BASED ON A DUTY RATE OF 23 PERCENT WITH SPECIFIC MINIMUM AND MAXIMUM AMOUNTS CHARGEABLE. THE PHASED ALIGNMENT OF UK TARIFFS WITH THE CXT WILL RESULT IN A DUTY RATE ON THIS TOBACCO (PRIMARILY FROM INDIA) IN THE UK OF APPROXIMATELY 10.3 PERCENT.

6. TO MEET THE FEARS OF THE ASIAN COUNTRIES THAT COMPETITION FROM THE U. S. AND CANADA WOULD EXCLUDE THEM FROM THE UK MARKET THE COMMISSION HAS PROPOSED THAT FOR A TRANSITIONAL PERIOD OF ONE YEAR TOBACCO AS DESCRIBED ABOVE WOULD NORMALLY ENTER THE COMMUNITY UNDER THE GSP AT 50 PERCENT OF THE CXT RATE, I.E., AT 11.5 PERCENT. IN THE UK MARKET THE APPLICABLE GSP RATE AS CALCULATED BY THE COMMISSION WORKS OUT TO 6.3 PERCENT DURING THE FIRST STAGE OF THE U. K. TARIFF ALIGNMENT. AS A PROTECTION TO COMMUNITY PRODUCERS AS WELL AS THOSE IN THE MEDITERRANEAN (GREECE AND TURKEY) AND AMONG THE AFRICAN ASSOCIATED STATES NOW ENJOYING PREFERENTIAL TREATMENT, THE COMMISSION HAS PROPOSED A "TRANSITIONAL" TARIFF QUOTA OF 30 MILLION UNITS OF ACCOUNT (BASED ON ASIAN COUNTRY EXPORTS TO THE UK IN 1971). THIS TARIFF QUOTA, OPEN TO ALL GSP BENEFICIARIES, WOULD BE APPLIED WITHOUT A "BUTOIR", I. E., WITHOUT LIMITING THE PERCENTAGE OF THE QUOTA WHICH MAY ORIGINATE IN A SINGLE LIMITED OFFICIAL USE

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PAGE 04 EC BRU 06201 01 OF 02 311722Z

COUNTRY. THE TARIFF QUOTA WOULD ALSO INCLUDE A MEMBER STATE IMPORT KEY WITH THE UK ALLOCATED 80 PERCENT OF THE TOTAL, I. E., TOBACCO WITH A VALUE UP TO 24 MILLION U. A. COULD ENTER THE UK MARKET AT THE PREFERENTIAL RATE OF 6.3 PERCENT. THE REMAINING 6 MILLION UNITS OF ACCOUNT WOULD BE DIVIDED AMONG THE REMAINING MEMBER STATES, ENTERING AT THE 11.5 PERCENT RATE (EXCEPT WHERE THE RATE IS ADJUSTED, AS IN THE CASE OF THE UK, FOR THE PHASED ALIGNMENT TO THE CXT OF DENMARK AND IRELAND).

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PAGE 01 EC BRU 06201 02 OF 02 311727Z

43

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 5958

INFO AMEMBASSY BONN

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LIMITED OFFICIAL USE SECTION 2 OF 2 EC BRUSSELS 6201

7. OTHER ITEMS IN THE EC PROPOSAL ARE LISTED BELOW
TOGETHER WITH PROPOSED GENERAL GSP DUTY RATES FOR THE
UK MARKET BECAUSE OF THE PHASED TARIFF ALIGNMENT:

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PAGE 02 EC BRU 06201 02 OF 02 311727Z

TARIFF	PROPOSED EC/GSP PRODUCT	PROPOSED UK/GSP TREATMENT	PROPOSED TREATMENT
POSITION	PRODUCT	1974	1974
EX 03.03 A IV	PRAWNS	8 PERCENT	3.2 PERCENT
	SHRIMPS		
EX 16.5B	PRAWNS	8 PERCENT	3.2 PERCENT
	SHRIMPS		
	(PERSERVED)		
EX 08.01E	DEHYDRATED	0 PERCENT	0 PERCENT
	COCONUT		
09.02A	TEA (PACKAGED-	0	0
	NOT EXCEEDING		
	3 KG)		
EX 15.07	COCONUT OIL FOR	2.5 PERCENT	1 PERCENT
	INDUSTRIAL		
	PURPOSES		
44.15	PLYWOOD	0	0
	(CEILING:		
	30 MIL U. A.)		
64.02	FOOTWEAR	0	0
	CEILING: 8.7 MIL.		
	U.A.		
	BUTOIR: 30PERCENT		
97.06	SPORTS GOODS	0	0
08.01F	CASHEW NUTS	THE COMMISSION PROPOSES AN	
		MFN SUSPENSION OF THE CXT	
		DUTY OF 2.5 PERCENT.	

8. IN ITS PROPOSAL TO THE COUNCIL, THE COMMISSION NOTES THAT SOLUTIONS MUST ALSO BE FOUND FOR PROBLEMS RELATED TO OTHER PRODUCTS BUT SUGGESTS THAT A DECISION BE PUT OFF UNTIL NEXT YEAR. PRODUCTS IN THIS CATEGORY INCLUDE PALM OIL, CERTAIN TYPES OF ROUGH TANNED CATTLE HIDE LEATHER (EAST INDIA KIPS), AND GARMENTS MADE OF HADWEVERN SILK AND COTTON.

9. COMMISSION SOURCES DO NOT EXPECT THEIR PROPOSALS TO EMERGE FROM THE NOVEMBER 6 EC COUNCIL UNSCATHED. LIMITED DISCUSSIONS WHICH ALREADY HAVE TAKEN PLACE WITH REGARD TO PROCESSED PINEAPPLE INDICATED THAT SOME LIMITED OFFICIAL USE

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PAGE 03 EC BRU 06201 02 OF 02 311727Z

MEMBER STATES WANT TO LIMIT CONCESSIONS TO CANNED CRUSHED PINEAPPLE ONLY. ON TOBACCO THE INTERESTS OF SO MANY PRODUCERS ARE INVOLVED, I. E., COMMUNITY-MEDITERRANEAN AND AFRICA THAT THEY ARE UNSURE WHAT WILL EMERGE. HARTMAN

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